

Message Text

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ACTION SS-25

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FM USMISSION GENEVA
TO SECSTATE WASHDC IMMEDIATE 1178
INFO AMEMBASSY ANKARA

C O N F I D E N T I A L GENEVA 1522

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FOR AMBASSADOR VANCE (S/NM)

E.O. 11652: XGDS-1
TAGS: SNAR UN TU
SUBJECT: TURKISH/UN DEVELOPMENTS

1. AT TURKISH REQUEST, TALKS WITH UN ON STANDBY COMPENSATION BEGAN ONE DAY EARLIER THAN PREVIOUSLY SCHEDULED, NAMELY, MARCH 5. NEGOTIATING TEAM ON UN SIDE WAS HEADED BY MARTENS AND CONSISTED ALSO OF MANBY AND EMBLAD. TURKISH SIDE WAS HEADED BY AMB. KIRCA, WHO WAS ASSISTED BY HIS DEPUTY FOR FINANCIAL AFFAIRS, AN OFFICIAL FROM TMO AND OTHERS.

2. MARTENS GAVE KIRCA LETTER SETTING FORTH UN APPROACH TO STANDBY COMPENSATION QUESTION, TEXT OF WHICH IS SET FORTH SEPTEL. HOWEVER, WE UNDERSTAND THAT WHILE KIRCA GLANCED AT LETTER, TURKISH SIDE HAD NO TIME TO STUDY IT BEFORE DISCUSSION BEGAN. WE UNDERSTAND ALSO THAT MOST OF TALKING AT MEETING WAS APPARENTLY DONE BY TURKISH SIDE. MANBY, WITH MARTENS' KNOWLEDGE, GAVE US RUNDOWN ON WHAT WAS SAID AND THIS IS SUMMARIZED BELOW.

MANBY SAYS INTENTION IS THAT EACH SIDE WILL CONSIDER ITS POSITION FURTHER TODAY, MARCH 6, AND WILL MEET AGAIN TOMORROW FOR SECOND ROUND OF NEGOTIATION.

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3. KIRCA STARTED OFF BY REFERRING TO RESPONSIBILITY

ACCEPTED BY MARTENS IN HIS LETTER TO KIRCA OF SEPT 20, 1974 FOLLOWING FIRST TURKISH MISSION. (PERTINENT EXTRACT FROM LETTER IS : "THE UN ARE ALSO READY TO ASSIST YOUR GOVT IN THE CAREFUL STUDIES WHICH ARE REQUIRED IN ORDER TO DETERMINE THE NEED, IF ANY, TO COMPENSATE THE POPPY FARMERS FOR ANY FINANCIAL LOSS THEY MAY INCUR AS A RESULT OF SELLING UNLANCED POPPIES. ON THE BASIS OF THE RESULTS OF SUCH STUDIES THE FUND WILL ENDEAVOR TO SECURE ADEQUATE FINANCIAL HELP."

4. KIRCA WENT ON TO NOTE THAT GOT SUBSEQUENTLY ISSUED DECREE PROHIBITING LANCING OF POPPY. SINCE THEN TURKISH EXPERTS HAVE PREPARED ESTIMATES OF ASSISTANCE WHICH MIGHT BE REQUIRED TO ENSURE FARMER DOES NOT SUFFER LOSS FROM PRODUCING UNCISED STRAW RATHER THAN OPIUM. THIS VERY IMPORTANT BOTH FOR TURKEY AND INTERNATIONAL COMMUNITY BECAUSE: (A) IT IS NECESSARY TO GIVE POPPY FARMER A PRICE WHICH ACCORDS WITH THREE-FOLD RISE IN AGRICULTURAL PRICES IN TURKEY SINCE 1971: AND (B) FARMERS MUST HAVE ADEQUATE PRICE AS BASIC STEP TO PREVENT ILLICIT TRAFFIC. KIRCA MADE CLEAR THAT FOR CONTROL PURPOSES FAIR PRICE MUST BE ANNOUNCED IN ADVANCE LANCING SEASON.

5. KIRCA WENT ON TO SAY THAT TURKISH EXPERTS HAD PREPARED ESTIMATES OF ASSISTANCE WHICH MIGHT BE REQUIRED FROM THREE STARTING POINTS:

(A) FROM MACRO-ECONOMICS POINT OF VIEW CALLING FOR EXAMINATION OF LOSS TO TURKISH ECONOMY RESULTING FROM PRODUCING AND EXPORTING STRAW;

(B) FROM STRAIGHTFORWARD CALCULATION OF REVENUE WHICH WOULD SATISFY FARMER;

(C) FROM POINT OF VIEW ADDED VALUE WOULD BE TRANSFERRED FROM TURKISH ECONOMY TO ECONOMIES ABROAD AS A RESULT OF CHANGE TO STRAW PRODUCTION WITH ALKALOIDS EXTRACTION FACTORY NOT IN OPERATION IN TURKEY.

6. KIRCA EMPHASIZED THAT PRICE TO FARMER IS "EXTREMELY CONFIDENTIAL

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IMPORTANT" QUESTION TO GOT, AND THAT THERE IS HEAVY POLITICAL PRESSURE BY FARMERS. FARMER MUST BE CONVINCED HE "NOT LOSING SIZABLE REVENUE" BY CHANGE FROM OPIUM TO STRAW. IF PRICE IS NOT FAIR, POLITICAL PRESSURES MIGHT BE TOO GREAT. STRESSED, HOWEVER, THIS SHOULD BE CONSIDERED MERELY AS OPINION EXPRESSED BY HIM TALKING AS A FRIEND, NOT AS TURKISH AMBASSADOR.

7. KIRCA'S DEPUTY FOR COMMERCIAL AFFAIRS THEN PROCEEDED EXPLAIN CALCULATIONS FROM THREE STARTING POINTS LISTED ABOVE. SO LITTLE WAS SAID ABOUT HEADINGS 1 AND 3 THAT MANBY HAS NO NOTES ON THEM. MAIN STRESS WAS PLACED ON QUESTION OF FAIR PRICE TO THE FARMER.

8. ON PRICE QUESTION ARGUMENT MADE WAS: POPPY FARMERS THEMSELVES HAVE SAID THEY NEED INCOME FROM STRAW OF TL 3000 PER DECARE. TMO'S OPINION IS THEY WOULD BE SATISFIED WITH 2,000. THIS WOULD MEAN AN ESTIMATED YIELD OF 100 KILOGRAMS OF STRAW PER DECARE AND A BUYING PRICE OF 20 TL PER KILO. TURKISH REPRESENTATIVES WENT ON TO EMPHASIZE THAT TMO FLOOR PRICES HAVE RISEN THREE-FOLD SINCE 1972. SAID TMO HAS CALCULATED THAT EXPECTED EXPORT PRICE OF STRAW WILL ALLOW THEM TO PAY FARMER 12 TL PER KILO AND GOT PROPOSES THAT DIFFERENCE BETWEEN BUYING AND SELLING PRICE ESTIMATED AT 8 TL BE SUBSIDIZED BY UNFDAC. TMO WOULD ITSELF PAY FOR ALL CONTROL, ADMINISTRATIVE AND MARKETING COSTS.

9. TURKISH REPRESENTATIVES SAID THEY RECOGNIZE THEIR CALCULATIONS WICH ASSUME .30 MORPHINE CONTENT IN STRAW AND SALE PRICE OF ONE US DOLLAR PER KILOGRAM ARE EXTREMELY TENTATIVE. ON BASIS THESE CALCULATIONS THEY ESTIMATE CONTINGENT LIABILITY TO FUND IN NEIGHORHOOD OF \$12 MILLION. THEY NOT SUGGESTING AT THIS TIME THAT ANY DEFINITE SUM BE FIXED SINCE PRECISE DATA REGARDING MORPHINE CONTENT, EXPORTING PRICE, ETC. NOT KNOWN. HOWEVER, THEY WOULD LIKE AT THIS STAGE FOR FUND TO ACCEPT PRINCIPLE OF PAYING NECESSARY COMPENSATION WITHOUT FIXING DEFINITE SUM. ADDED THEY INTENDED PROVIDE UN WITH PAPER SETTING OUT THEIR POSITION AS SET FORTH ABOVE.

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10. IN RESPONSE QUERY, MANBY SAID TURKISH SIDE WAS VAGUE ABOUT DURATION OF COMMITMENT THEY SOUGHT, I.E., AS TO WHETHER THEY COMTEMPLATED ONE SHOT DEAL ONLY OR PERIOD UNTIL ALKALOIDS FACTORY IS OPERATIONAL. HOWEVER, AS DEPT WILL NOTE, MARTENS, IN HIS LETTER TO KIRCA, MADE CLEAR UN IS TALKING ABOUT STANDBY ASSISTANCE FOR 1975 ONLY.

11. COMMENT: QUENTIN JONES HAS JUST ARRIVED AND WE ARE REVIEWING SITUATION AND WILL SUBSEQUENTLY CABLE COMMENTS. WE WOULD LIKE AMBASSADOR VANCE TO TELEPHONE US AT 7 P.M. OUR TIME TODAY, MARCH 6. WE CAN BE REACHED CHEZ GOUGH. DALE

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